

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HJR 39

April 1, 2011

SUMMARY OF BILL: Urges the state to include funding in the FY11-12 budget for planning and start-up costs to build veterans' homes in Bradley County and Montgomery County.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$6,500,000/One-Time

Increase Federal Expenditures - \$27,711,600/One-Time

Increase Local Expenditures - \$5,520,000/One-Time

Assumptions:

- The fiscal impact assumes the action urged by this resolution will be implemented; however, this resolution appropriates no state funds to any entity.
- Land has been donated and set aside within both Montgomery and Bradley County for construction of the respective veterans' homes.
- Construction costs for the two veterans' homes are estimates. Actual costs will not be known until bids are received.
- No state funds have been designated; therefore, the total impact on the state is unknown.
- The total cost for the Montgomery County Veterans Home will be approximately \$22,674,388.
- According to the Tennessee Veterans Homes Board (TVHB), state funds of \$6,500,000, federal funds of \$14,674,388, and local government funds of \$1,500,000 will be needed for the project.
- The total cost for the Bradley County Nursing Home will be approximately \$20,057,201.
- Funding will include federal funds of \$13,037,181, local government funds of \$4,020,020 (Bradley County \$2,010,010, City of Cleveland \$2,010,010), and a private donation of \$3,000,000.
- The total one-time increase in state expenditures for the construction of two veterans' homes is \$6,500,000.
- The total one-time increase in federal expenditures for the construction of two veterans' homes is \$27,711,569 (\$14,674,388 + \$13,037,181).
- The total one-time increase in local expenditures for the construction of both veterans' homes is \$5,520,020 (\$1,500,000 + \$2,010,010 + \$2,010,010).

- According to TVHB, an annual operating cost per veterans' home is estimated to be \$9,100,000.
- The annual operating cost for both homes will total \$18,200,000 (2 x \$9,100,000).
- According to TVHB, Tennessee Veterans Homes are self sufficient and use funds received from patients through insurance and veterans' benefits to operate the homes.
- The construction of two veterans' homes will not increase the number of veterans receiving such benefits.
- Estimate assumes there will be no increase in state, federal, or local expenditures due to operating costs of the two new veterans' homes.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/jdb